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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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CURRENT SERIAL RECORD

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U.S. DEPARTMENT OF AGRICULTURE

Stocks of each of the 4 feed grains are mounting to record levels this year.

Use of feed grain out of this year's large supply has lagged behind last year...despite a 3% gain in the number of grain consuming animals. Mild weather last fall allowed live-stock to salvage large amounts of fallen corn. Feeding may pick up the remainder of the season, but total for 1954-55 is likely to be slightly below 1953-54.

Supply-use estimates indicate we'll have around 38 million tons of old feed grain on hand when current feeding year ends. This would be 6 million tons above last year's record carryover. Here are the stock predictions for each of the 4 grains:

Corn...around a billion bushels compared with 920 million a year earlier.

Oats...about 325 million bushels, up 92 million.

Barley...135 million bushels, almost double 1954.

Sorghum grain...above the 1950 record of 60 million bushels.

A large feed grain supply for another feeding year is assured, barring a poor growing season. The 38 million ton carryover expected to be on hand at the end of 1954-55 would be equal to a third of the average feed grain production of recent years.

Acreage in feed grains in 1955 will be up for the second straight year, if farmers are planting the acreages they intended in March. Many farmers who are taking land out of wheat and cotton because of marketing quotas are shifting to feed crops.

USDA does not forecast feed grain production until summer, but the season is off to a good start. As the May General Crop Report puts it... "Excellent growing conditions in the main feed grain areas now dominate total crop production prospects for 1955, despite early season setbacks in some parts of the country."

Feed grain prices have been generally stable the last couple of months at levels below a year earlier. If prospects for the 1955 crops continue favorable, prices probably will stay below 1954 this spring and summer.

Farmers who buy feed paid prices averaging 5% lower than a year earlier in mid-April. Largely because of this decline, feed price ratios for eggs, broilers, farm chickens, milk and butter fat were higher than in April 1954, though below average. The hog-corn ratio was about average but far below a year ago when hog prices were unusually high. The turkey-feed price ratio was below last year and average.

ECONOMIC ACTIVITY: The rise which began last fall is continuing this spring. Factories are producing at a near record rate...construction is at a new high...employment rose a million from March to April. Personal income increased further and in April consumers spent at a rate about 7% above a year ago.

LIVESTOCK: Meat output the first 4 months of this year was 7% above a year earlier with an 18% gain hog slaughter accounting for most of the rise. Prospects for the rest of the year indicate hog slaughter will continue above a year earlier though by a smaller Agriculture-Washington

margin than in January-April...cattle slaughter will be as large or larger than last year. Total meat production for 1955 probably will be 3 to 4% above 1954.

DAIRY PRODUCTS: Prices farmers got for milk in mid-April averaged above a year earlier for the first time in 2 years. The rise reflects the higher proportion of milk used in bottled outlets and a slight increase in prices of manufacturing milk. Not much change in prices is likely the rest of 1955 in view of the large supplies in prospect.

USDA is buying much less butter than at this time last year. Milk production has been a little below a year ago. More is being used in fluid form...leaving less to be made into butter.

EGGS AND POULTRY: Egg production is declining seasonally but is likely to stay above a year earlier for two or three months. By late summer the sharp reduction in the number of young chickens being raised will begin to affect output. Production the last 4 months of the year may be 5% or more below the same period of 1954.

Slightly more chicks than last year were placed in major broiler producing areas in April and the first half of May...number of eggs in incubators indicates placements are likely to continue high for several weeks.

FATS AND OILS: Movement of soybeans off farms was comparatively slow during the first half of the marketing year. The April 1 stocks of 177 million bushels were far higher than ever before on that date. Exports through April totaled about 41 million bushels, 7 million above a year earlier. Soybean prices, though declining in recent weeks, are moderately above support.

COTTON: Exports in March were below a year ago for the second consecutive month. But the total through March this season was still above a year earlier.

WOOL: Prices to farmers in mid-April, the first month in which the new incentive payment program was in effect, averaged 48.7 cents per pound, 4.9 cents below a year earlier. Under the new program, prices will seek their own level under current tariff protection. After the season ends, the individual producer will receive a payment based on the percentage of the average price received by all producers needed to bring this average up to the support level.

TOBACCO: Prices for 1954 Maryland tobacco averaged 12 cents below a year earlier from the opening of the auctions on May 3 through May 17. The 1954 crop was 5 percent larger than the 1953 crop.

VEGETABLES: Farmers are producing about 4% less vegetables for fresh market this spring than last, according to May 1 conditions. The March freeze and drought in southern States are mainly responsible for the drop.

The potato crop in the spring areas is a little above last year.